

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

Each member surrenders his land to the independent cooperative which he joins, with the exception of 1/2 to 3/4 of one cadastral yoke. The members also surrender all their livestock, except the animals needed to farm the plot which each family is entitled to retain.

An amount equal to 15 percent of the value of the livestock, seeds, forage, and agricultural equipment surrendered by the members is added to the capital of the independent cooperative. The remaining 85 percent is to be refunded to the members in four annual installments.

If, before joining the independent cooperative, a member sold livestock which otherwise would have had to be surrendered, he must pay 15 percent of the value of the animals sold into the treasury of the independent cooperative. A member may keep for his personal use one cow, one calf, one sow, five sheep or goats, one or two pigs, and an unlimited number of chickens, rabbits, and bees.

Membership

Membership in the independent cooperatives is open to all male and female working peasants over 16 years of age. Persons with special training in the various phases of agriculture, as well as artisans needed for the operation of the independent cooperative, may also be admitted to membership. Kulaks, traders, exploiters, and speculators are not eligible for membership.

A member may withdraw from the independent cooperative after a period of 3 years. If a withdrawing or expelled member requests that his holdings be returned to him, land outside the consolidated tract of the independent cooperative is to be assigned to him in exchange.

Organization.

The highest governing body of the independent cooperative is the general meeting, in which each member has the right to vote. Working dependents of members may participate in the general meetings but have no vote. Within the limitations of the laws, all final decisions concerning the independent cooperative are rendered by the general meeting.

The general meeting approves the production plan, proposes new buildings, revenues and expenditures, distribution of income, admission and expulsion of members, and elects and replaces the functionaries of the independent cooperative. The management is required to call a general meeting at least once a month.

The general meeting elects a president for 2 years, as well as a management for 2 years, a supervisory committee for 3 years, and a disciplinary committee for 1 year. The business of the independent cooperative is conducted by the management under the supervision of the president. The president represents the independent cooperative toward the authorities and third persons and is personally responsible for the management and property of the independent cooperative.

- 2 -

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL
CONFIDENTIAL

50X1-HUM

Work Organization and Compensation

The members are divided into permanent brigades. Cultivating brigades are composed of 40 to 80, and livestock brigades of eight to 20 members. Each cultivating brigade is assigned a plot for the minimum period of a crop rotation, while livestock brigades are formed for a minimum period of 3 years. The brigades, in turn, are subdivided into labor groups of eight to ten members.

Each member is responsible for his own work, while brigade and labor group leaders are responsible for the work of their respective units. In case of inferior work, the number of work units earned may be reduced; on the other hand, efficient work of good quality is to be rewarded with a special bonus at the end of the year.

The work performed by the members and their dependents is measured in work units on the basis of daily average performance, according to the schedule listed in the Work Unit Book. The work units earned by members are to be posted monthly in the office of the independent cooperative. All work must be performed primarily by members.

Each member is required to share in the work and must earn a minimum of 80 work units per year. The minimum annual requirement for mothers with small children is 40 work units. A member whose performance falls below the required minimum number of work units may be expelled from the independent cooperative.

Distribution of Earnings

A profit and loss statement and a balance sheet must be prepared by the management for approval by the general meeting at the end of each calendar year. Obligations to the state, loans falling due, the fees of the agricultural machine station, as well as all other debts incurred, are to be paid off out of the annual revenues.

The independent cooperative is required to create two reserve funds, a cooperative fund and an operating fund. The cooperative fund comprises funds appropriated for the purchase of farm equipment, for new buildings, and for other permanent investments, and constitutes part of the assets of the independent cooperative.

The operating fund contains reserves in kind, in addition to funds set aside for the purchase of fertilizers and exterminators, for maintenance and repair, etc. It insures undisturbed operations during the following year.

The general meeting may also create a social fund, for which a maximum of 2 percent of gross income may be appropriated. This fund is to be used for the aid of aged or temporarily incapacitated members and for the maintenance of a recreational room.

The remaining earnings, or net income, will be distributed among the members in money and in kind according to work units earned. Each member is entitled to payment of rent for the land which he has surrendered to the independent cooperative. The rent is based on area and fertility, and its total may not exceed 25 percent of the net income of the independent cooperative.

The president, brigade and labor group leaders, and the accountant, as well as the members of the management, are to be credited with work units for their services.

- 3 -

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL
CONFIDENTIAL

50X1-HUM

II. PRODUCERS' COOPERATIVE (TYPE III)

The text is identical with that of the foregoing chapter on independent agricultural cooperatives with the following minor exceptions:

1. The president is elected for one year.
2. Members of the supervisory committee are elected for 2 years.
3. Cultivating brigades are composed of 30 to 50 members.
4. Labor groups are composed of three to 10 members.

The text also contains the following paragraph:

"If the cultivated area of the producers' cooperative attains 300 cadastral yokes and the number of member families is at least 30, the producers' cooperative may apply for conversion into an independent agricultural cooperative."/>

III. PRODUCERS' COOPERATIVE WITH AVERAGE DISTRIBUTION OF EARNINGS (TYPE II)

Area, Organization

Each member surrenders all his land to the cooperative, with the exception of 1/2 to 3/4 of one cadastral yoke.

The organs of the cooperative are the general meeting and the management. The general meeting is composed of all members and is the highest governing body of the cooperative. Its decisions are binding on all members. The management is required to call a general meeting at least once a month.

Members are admitted to, or expelled from, the cooperative by the general meeting. To become a member in the cooperative, a person must be eligible for membership in the farmers' association.

The general meeting elects a president and a management for one year. The president represents the cooperative before the authorities and toward third persons, and is required to call a meeting of the management at least once in 2 weeks.

Purpose

The purpose of the cooperative is to organize the collective cultivation of land consolidated in the cooperative; to enforce adequate performance of noncollective agricultural work; and to make production contracts, and encourage efficient farming among the members.

At the beginning of the agricultural year a crop-rotation plan is prepared by the management for approval by the general meeting. On the basis of the approved plan, each member draws up a separate planting plan for the

- 4 -

CONFIDENTIAL
CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

land which he has surrendered to the cooperative. The individual plans are summarized and approved by the management, provided that they conform to the crop-rotation plan and enable the cooperative to fulfill its contractual obligations. If any individual plan fails to meet these requirements, modifications are made by the management for approval by the general meeting. Each kind of product should be grown on a single tract of land as far as possible. The tracts are designated by the management.

Plowing is done collectively by means of the equipment of the cooperative, the members, and the agricultural machine station. The members are entitled to compensation for the use of their equipment. The cost of plowing is charged to the membership and is prorated among the members in the ratio of their participation in the collective planting plan.

The area to be manured is determined by the management. Each member is assessed a certain amount of stable manure which he is required to deliver. Artificial fertilizer is purchased collectively, and the cost is prorated among the members who use the fertilizer in quantities proportionate to their planted acreages.

Planting is a collective task wherever possible. The cost of seeds and of planting is prorated among the members.

Other farm work is to be organized in the same way as planting. The management determines the amount of work which each member is required to perform, and may decide that certain products are to be cultivated by the members individually. These products may also be harvested individually. If a member neglects the work assigned to him, the management may have it performed by another member at the expense of the negligent person.

Harvesting is organized by the management either by allotting a certain plot to each member or by requiring each member to participate in collective harvesting. The entire crop is deposited on a common threshing floor, and the cost of threshing is prorated among the members according to their planted acreages.

Distribution of Earnings

Part of the product is retained by the management to satisfy the cooperative's obligations, to provide for requirements during the following year, and for reserves. The remainder is distributed among the members in quantities proportionate to their planted acreages.

Costs are prorated among the members. If an expenditure item has been incurred for the cooperative as a whole, it is assessed against the members in quantities proportionate to their acreages. If the expenditure is charged only to certain members, it is to be prorated among them.

The cooperative is required to set up two reserve funds. The operating reserve fund shall consist of funds which are required to meet operating costs during the ensuing year and to provide cover for unforeseeable damages, as well as for deficits resulting from crop failure. The investment reserve fund shall contain funds for the purchase of new farm equipment.

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL
CONFIDENTIAL

50X1-HUM

IV. PRODUCERS' COOPERATIVE CULTIVATING CONSOLIDATED TRACTS (TYPE I)

Area, Organization

The area of the cooperative consists of land which has been voluntarily surrendered by members, in addition to leaseholds. All land owned or held under a lease by the members must be surrendered to the cooperative. Each member is, however, entitled to retain 1/2 to 3/4 of one cadastral yoke for personal use.

The executive organs of the cooperative are the general meeting and the management. The general meeting, which is the highest governing agency of the cooperative, is composed of the entire membership. Its decisions are binding on all members.

The management is required to call a general meeting at least once a month. Members are admitted to, or expelled from, the cooperative by the decision of the general meeting. To become a member in a cooperative, a person must be eligible for membership in the farmers' association.

The general meeting elects the president as well as the management for one agricultural year. The president directs, in cooperation with the management, the operations of the cooperative and represents it toward the authorities and third parties. The president is required to call a meeting of the management at least once in 2 weeks.

Purpose

The purpose of the cooperative is: (1) to cultivate the land which the members have voluntarily surrendered or which the cooperative holds under a leasehold; (2) to organize cultivation on consolidated tracts, collective plowing, and collective planting; and (3) to make production contracts or to encourage the members to make such contracts.

At the beginning of each agricultural year, a crop-rotation plan is prepared by the management for approval by the general meeting. On the basis of the approved plan, each member draws up a separate planting plan for the land which he has surrendered to the cooperative. The individual plans are summarized and approved by the management, provided that they conform to the crop-rotation plan and enable the cooperative to fulfill its contractual obligations. If any individual plan fails to meet these requirements, modifications are made by the management for approval by the general meeting. Each kind of product should be grown on a single tract of land as far as possible. The tracts are designated by the management.

Plowing is done collectively by means of the equipment of the cooperative, the members, and the agricultural machine station. The members are entitled to compensation for the use of their equipment. The cost of plowing is a charge on the membership and is prorated among the members in the ratio of their participation in the collective planting plan.

The area to be manured is determined by the management. Each member is assessed a certain amount of stable manure which he is required to deliver. Artificial fertilizer is purchased collectively, and the cost is prorated among the users in the ratio of their planted acreages.

- 6 -

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL
CONFIDENTIAL

50X1-HUM

Planting is a collective task wherever possible. The cost of seeds and of planting is prorated among the members. The entire tract is divided for further cultivation into as many plots as there are members in the cooperative, and the plots are distributed by drawing lots.

Each member is required to perform conscientiously all agricultural work to secure an adequate crop. Instructions issued by the management for meeting production contracts, for protecting the crops, etc., are binding on all members.

Harvesting and threshing may be performed individually and mutual help among the members for these operations is organized by the management. Each member is entitled to the product of the plot allotted to him, but must contribute his share to the common expenditures as well as to the reserve funds.

Distribution of Earnings

All expenditures which have been incurred for the cooperative as a whole are a charge on the entire membership and are prorated according to the size of the individual land holdings. If an expenditure concerns only part of the membership, the amount is prorated according to participation in the planting plan.

The cooperative is required to set up two reserve funds. The operating reserve fund shall consist of funds which are required to meet operating expenditures during the ensuing year and to provide cover for unforeseeable damages, as well as for deficits resulting from crop failure. The investment reserve fund shall contain funds for the purchase of new farm equipment.

- E N D -

- 7 -

CONFIDENTIAL

CONFIDENTIAL